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FILED

MAR 15 2024

U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA

6 UNITED STATES BANKRUPTCY COURT
7 NORTHERN DISTRICT OF CALIFORNIA
8 SAN FRANCISCO DIVISION

9 IN RE:

10 LEGAL RECOVERY, LLC

11 Debtor

Case No.: 24-30074 DM
Chapter 11

STATUS CONFERENCE STATEMENT

Date: March 22, 2024

Time: 10:00 a.m.

Via Tele/Video Conference

www.canb.uscourts.gov/calendar

14 DEBTOR, as and for its Status Conference Statement, states as follows:


- 16 1. Debtor Legal Recovery LLC filed the petition herein on Feb. 6, 2024 and the amended
17 petition on Feb. 20, 2024, electing to proceed under Subchapter V of Chapter 11.
- 18 2. Debtor is a California limited liability company that was formed on December 19, 2013.
19 Debtor was the assignee of promissory notes by borrower Martin Lee Eng ("ENG") and
20 in the California Superior Court of San Francisco, Case No. CGC 14-542378, debtor
21 obtained a judgment of \$1,507,302.92 against ENG on 2015-07-08, and acquired all of
22 the transferable economic interest in LOMBARD FLATS LLC on 2018-06-28 pursuant
23 to court order charging and foreclosing on ENG's interest in LOMBARD FLATS LLC.
- 24 3. ENG was the owner of 949-953 Lombard Street, San Francisco (the "Property"). In
25 2009, ENG transferred the property to LOMBARD FLATS, LLC and encumbered the
26 property with numerous fraudulent instruments. Debtor filed a fraudulent conveyance
27 suit on October, 8, 2015 against Eng, Lombard Flats LLC, and other co-conspirator
28 defendants (SF Case no. CGC15548357, LEGAL RECOVERY LLC v ENG et al.). On
2021-10-07, a judgment was entered setting aside the fraudulent instruments and entering

1 a money judgment of \$2,453,393.60 against defendants. Debtor obtained a writ of
2 execution against Lombard Flats LLC and acquired the Lombard Street property on
3 2024-01-30 at the Sheriff's Sale with credit bid of \$2,900,000. Sheriff's Deed was
4 recorded on 2024-02-05 as San Francisco Recorder Doc # 2024012830. The amount
5 remaining on the judgment against Lombard Flats LLC is \$121,409.

- 6 4. Debtor filed a related case for conspiracy on fraudulent conveyances, S.F. Case no.
7 CGC22603067 (LEGAL RECOVERY LLC v JOANNE ENG et al.), which is pending
8 with trial date set for July 22, 2024. Joanne Eng has a pending motion for violation of
9 stay against debtor in IN RE. JOANNE W ENG, Bankr. Crt Nevada Case No. 19-12981.
10 Prior to debtor's petition, on or about January 23, 2024, debtor and Joanne Eng had
11 reached settlement to dismiss their respective claims with prejudice. The agreement has
12 not been reduced to writing before debtor's petition.
- 13 5. The Lombard Street property is a three unit residential property with street numbers 949,
14 951, and 952 Lombard Street. Eng and his mother Sau Eng resides in one or more of the
15 units. Eng had stated in court filings that in 2008 the property rents for \$500 for #949,
16 \$4,300 for #951, and \$5,600 for #953. Property taxes are current with next payment of
17 \$6,045.90 due by 04/10/2024. Insurance status is unknown but believed to be current.
- 18 6. Debtor has filed a pending unlawful detainer action on 2024-02-09, SF Case no. CUD-
19 24-674202, to evict unauthorized persons residing at the Lombard Street Property.
- 20 7. Eng had obtained a loan from Washington Mutual (WAMU) secured by the property in
21 2005. Lombard Flats LLC had filed a Chapter 11 petition in 2009 and had the WAMU
22 loan reduced to \$3,000,000 per the approved plan filed on 7/20/2010 [Case No.: 09-
23 32219, doc# 98]. The current holder of the WAMU loan, VRMTG ASSET TRUST
24 (owned by US Bank) had filed a notice of default on 8/22/2023 and a notice of trustee
25 sale on 1/5/2024 with the sale set for 2/7/2024. Debtor filed the petition on 2/6/2024 to
26 stop the imminent sale of the property.
- 27 8. The Lombard Flats LLC's approved plan [Case No.: 09-32219, doc# 98] also provides
28 for payment of \$70,000 with no interest due 5 years after approval of the plan to secured
creditor Shirley Chao. Based on information from her attorney, Mark Romero, Lombard
Flats LLC has not made the full payment per plan.

- 1 9. The first meeting of creditors under 11 U.S.C. § 341(a) was scheduled for March
2 4, 2024 but continued to March 19, 2024 after Debtor's Counsel's failed to appear due to
3 inadvertence in obtaining the correct dial in number. Debtor anticipates that it will
4 complete the continued meeting of creditors.
- 5 10. On March 7, 2024, Debtor filed an Employment Application for proposed attorney Leeds
6 Disston (ECF No. 31). On March 13, 2024, the U.S. Trustee, TRACY HOPE DAVIS,
7 filed an opposition (ECF No. 33). Debtor anticipates that it will file a new or amended
8 Employment Application before the status conference hearing on 3/22/2024.
- 9 11. Debtor's first monthly operating report is due on 3/21/2024. Debtor has no post-petition
10 income, cash collateral or taxes due.
- 11 12. Debtor expects to file reorganization plan within the time allowed by law. Debtor
12 anticipates that the plan will allocate payments to secured creditors funded by rental
13 income generated from the Lombard Street Property, and payments to unsecured
14 creditors to the extend of any recovery on outstanding judgments owned by debtor.

15 March 15, 2024

16 /s/ Leeds Disston 
17 Attorney for Legal Recovery LLC
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